

COMMISSIONERS
KRISTIN K. MAYES - Chairman
GARY PIERCE
PAUL NEWMAN
SANDRA D. KENNEDY
BOB STUMP



0000098398

ARIZONA CORPORATION COMMISSION
RECEIVED

2009 MAY 27 P 3:01
May 27, 2009

AZ CORP COMMISSION
DOCKET CONTROL

CERTIFIED MAIL

Carey Roesel, Consultant to
Neutral Tandem – Arizona, LLC
Technologies Management Inc.
2600 Maitland Center Pkwy
Suite 300
Maitland, Florida 32751

Arizona Corporation Commission

DOCKETED

MAY 27 2009



RE: Staff's Letter of Insufficiency and First Set of Data Requests to Neutral Tandem –
- Arizona, LLC, Revised Tariff, Docket No. T-04298A-09-0202

Dear Ms. Roesel:

On April 29, 2009, Neutral Tandem – Arizona, LLC (“Neutral Tandem”) filed changes to its Arizona Tariff No. 3. Since the Application contains maximum rate increases, the Application will require direct approval by the Arizona Corporation Commission (“ACC” or “Commission”).

As a competitive telecommunications provider, Neutral Tandem is subject to Title 14, Article 11 (Competitive Telecommunications Services) of the Arizona Administrative Code. Section 1110 of Title 14, Article 11 describes the procedure for applying to the ACC for an increase in any rate for a competitive telecommunications service.

In order to increase the tariff rate for a competitive telecommunications service, the applicant shall submit an application to the Commission containing the following information:

1. A statement setting forth the reasons for which a rate increase is required;
2. Is there a cost based justification for the rate increase (i.e., is the rate increase necessary to account for a change in your costs)? If yes, please describe the change in your costs. Provide calculations and data to support your cost justification. (*See attached Data Request for additional details.*)
3. A schedule of current rates and proposed rates and the additional revenues to be derived from the proposed rates; (*See attached Data Request for additional details.*)
4. An affidavit verifying that appropriate notice of the proposed rate increase has been provided to customers of the service; and
5. A copy of the customer notification you sent to your customers.

Neutral Tandem's filing includes an increase in the maximum rate for the following:

Tandem Switching, per minute of use

- Other ILEC areas from current \$0.005 to \$0.007 for an increase of \$0.002
- Other ILEC areas from maximum \$0.010 to \$0.021 for an increase of \$0.011

Tandem Switched Transport – Termination, per minute of use

- Qwest areas (over 8 to 25) from current \$0.000199 to \$0.000255 for an increase of \$0.000056
- Qwest areas (over 8 to 25) from maximum \$0.000398 to \$0.000765 for an increase of \$0.000367
- Qwest areas (over 25 to 50) from current \$0.000199 to \$0.000263 for an increase of \$0.000064
- Qwest areas (over 25 to 50) from maximum \$0.000398 to \$0.000789 for an increase of \$0.000391
- Qwest areas (over 50) from current \$0.000199 to \$0.000265 for an increase of \$0.000066
- Qwest areas (over 50) from maximum \$0.000398 to \$0.000795 for an increase of \$0.000397
- Other ILEC areas (over 0 to 8) from current \$0.000199 to \$0.000279 for an increase of \$0.000080
- Other ILEC areas (over 0 to 8) from maximum \$0.000398 to \$0.000837 for an increase of \$0.000439
- Other ILEC areas (over 8 to 25) from current \$0.000199 to \$0.000357 for an increase of \$0.000158
- Other ILEC areas (over 8 to 25) from maximum \$0.000398 to \$0.001071 for an increase of \$0.000673
- Other ILEC areas (over 25 to 50) from current \$0.000199 to \$0.000368 for an increase of \$0.000169
- Other ILEC areas (over 25 to 50) from maximum \$0.000398 to \$0.001104 for an increase of \$0.000706
- Other ILEC areas (over 50) from current \$0.000199 to \$0.000371 for an increase of \$0.000172
- Other ILEC areas (over 50) from maximum \$0.000398 to \$0.001113 for an increase of \$0.000715

Tandem Switched Transport – Facility, per minute of use, per mile

- Qwest areas (over 8) from current \$0.000020 to \$0.000023 for an increase of \$0.000003
- Qwest areas (over 8) from maximum \$0.000040 to \$0.000069 for an increase of \$0.000029
- Other ILEC areas (over 0 to 8) from current \$0.000020 to \$0.000028 for an increase of \$0.000008

- Other ILEC areas (over 0 to 8) from maximum \$0.000040 to \$0.000084 for an increase of \$0.000044
- Other ILEC areas (over 8) from current \$0.000020 to \$0.000032 for an increase of \$0.000012
- Other ILEC areas (over 8) from maximum \$0.000040 to \$0.000096 for an increase of \$0.000056

Common Transport Multiplexing (DS3/DS1), per minute of use

- Other ILEC areas from current \$0.000137 to \$0.000192 for an increase of \$0.000055
- Other ILEC areas from maximum \$0.000274 to \$0.000576 for an increase of \$0.000302

Database Charges

- 800 Query – Other ILEC areas Basic from current \$0.003500 to \$0.004900 for an increase of \$0.001400
- 800 Query – Other ILEC areas Basic from maximum \$0.007000 to \$0.014700 for an increase of \$0.007700

Dedicated Trunk Port, per DS1

- Qwest areas from current \$159.60 to \$216.24 for an increase of \$56.64
- Other ILEC areas from current \$159.60 to \$302.74 for an increase of \$143.14
- Other ILEC areas from maximum \$319.20 to \$908.22 for an increase of \$589.02

Therefore, it will be necessary for you to provide the information described in 1-5 above. The Commission or Staff may request any additional information in support of the application. Staff cannot begin to process this filing until this information is received.

Please provide Docket Control with the information being requested within **10 days** of the date of this letter. Mail an original plus 13 copies to Docket Control, Arizona Corporation Commission, 1200 W. Washington Street, Phoenix, AZ 85007-2927. If no response is received or all deficiencies are not remedied within 10 days, Staff will recommend that the application be terminated. If the application is terminated, the Applicant cannot charge the proposed rates for those same telecommunications services in Arizona for which it is currently applying, until such time as a new application is filed with and approved by the Commission.

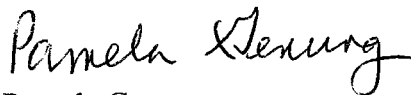
Remember that information submitted for a tariff rate increase is normally made a part of the public record (including financial statements). Any information designated as confidential will not be accepted by Docket Control. If Neutral Tandem needs to provide confidential information, please contact me directly.

May 27, 2009

Page 4

Please understand that maximum tariff rate changes do not become effective until they are approved by the Commission. If you have any questions about this matter, please contact me at (602) 542-0664. Thank you for your prompt response to this request.

Respectfully,

A handwritten signature in black ink that reads "Pamela Genung". The signature is written in a cursive style with a large, stylized 'P' and 'G'.

Pamela Genung
Public Utilities Analyst V

Enclosure(s)

CC: Docket Control Center (Original and Thirteen Copies)

STAFF'S FIRST SET OF DATA REQUESTS TO
NEUTRAL TANDEM – ARIZONA, LLC
DOCKET NO. T-04298A-09-0202

- PJG1-1 As listed in the current Arizona Tariff No. 3 at Original Page No. 68, please identify the page number(s) in the proposed tariff pages where the following charges were moved to:
- a. Access Dedicated Transport Facility (at 4.2.7), per DS1 first 5 miles, actual rate \$210.00, maximum rate \$420.00
 - b. Access Dedicated Transport Facility (at 4.2.7), each additional mile, actual rate \$15.00, maximum rate \$30.00
 - c. Trunk Group Charge Monthly (at 4.2.9), first trunk group, actual rate \$00.00, maximum rate \$25.00
 - d. Trunk Group Charge Monthly (at 4.2.9), each additional trunk group, actual rate \$50.00, maximum rate \$100.00
 - e. Multiplexing (at 4.2.11), per DS3, actual rate \$285.95, maximum rate \$571.90
- PJG1-2 Please identify the page number(s) and paragraph number(s) in the current Arizona Tariff No. 3 where the following charges were moved from:
- a. In the revised tariff, on Original Page No. 68.2, at 5.2 Access Service Charges, at 4.2.15 Database Charges, 800 Query – Qwest areas, w/POTS translation, per query, current rate \$0.007165, and maximum rate \$0.014000
 - b. In the revised tariff, on Original Page No. 68.2, at 5.2 Access Service Charges, at 4.2.15 Database Charges, 800 Query – Other ILEC areas, w/POTS translation, per query, current rate \$0.010031, and maximum rate \$0.030093
- PJG1-3 In the revised tariff, on Original Page No. 68.1, at 4.2.4 Dedicated Multiplexing, both Qwest areas and Other ILEC areas have the NRC and Monthly charge listed as ICB. This Commission requires rates for all services within a Company's tariff regardless of the Company's intention to offer ICBs. Please review, make the appropriate corrections, and file a replacement tariff page for Original Page No. 68.1 in Neutral Tandem's Arizona Tariff No. 3.
- PJG1-4 In the revised tariff, on First Revised Page No. 68, at 4.2 Access Service Charges, ICBs are listed as the NRC and Monthly charges for both Qwest areas and Other ILEC areas under 4.2.1 Entrance Facility (DS3) and Entrance Facility (DS1), 4.2.2 Direct-Trunked Transport – Fixed (DS3), per termination and Direct-Trunked Transport – Fixed (DS1), per termination, and 4.2.3 Direct-Trunked Transport – Per Mile (DS3) and Direct-Trunked Transport – Per Mile (DS1). This Commission

STAFF'S FIRST SET OF DATA REQUEST TO
NEUTRAL TANDEM – ARIZONA LLC
DOCKET NO. T-04298A-09-0202

requires rates for all services within a Company's tariff regardless of the Company's intention to offer ICBs. Please review, make the appropriate corrections, and file a replacement tariff page for First Revised Page No. 68 in Neutral Tandem's Arizona Tariff No. 3.

- PJG1-5 Please explain how Neutral Tandem believes its proposed rate increases for each of the services listed in its revised tariff filing compares to those of similar services offered by its competitors. Please identify three companies that are competitors of Neutral Tandem in Arizona and identify those services and rates that are comparable to those services that Neutral Tandem proposes to increase. Also, furnish the source of information for each of those services (i.e. copy of tariff page).
- PJG1-6 Please explain if the services impacted by the rate increases in this filing are being enhanced with new or additional features.
- PJG1-7 Please explain when the maximum and current rates of those services affected by this rate increase filing were previously increased.
- PJG1-8 For each service Neutral Tandem proposes to increase the rates, please provide:
- An estimate of the number of customers impacted
 - An estimate of the total annualized revenue associated with all customers under the existing current and maximum rates
 - An estimate of the total annualized revenue associated with all customers under the proposed current and maximum rates
- PJG1-9 How much annual customer revenue does Neutral Tandem estimate that it will derive from the proposed rate increases contained in this filing?
- PJG1-10 Please explain if the expected effect of this filing on Neutral Tandem's Arizona revenues is less than 1 percent, from 1 to 5 percent, etc. Please provide the calculation of the estimate to arrive at revenue per year in Arizona as of June 30, 2009.
- PJG1-11 Are the proposed rates that Neutral Tandem intends to increase in Arizona the same rates as those charged by Neutral Tandem in other states? If not, please explain.
- PJG1-12 Are the services that Neutral Tandem proposes to increase rates for in Arizona being increased on a nationwide basis? If not, please explain.
- PJG1-13 Is Neutral Tandem in full compliance with all Commission Decisions, reporting requirements (i.e. Annual Report, filing of Diversification Activities and Plans, etc.), and addressed all Consumer inquiries and/or complaints in the Utilities Division?

STAFF'S FIRST SET OF DATA REQUEST TO
NEUTRAL TANDEM – ARIZONA LLC
DOCKET NO. T-04298A-09-0202

- PJG1-14 Is Neutral Tandem in “Good Standing” with the Corporations Division of the Arizona Corporation Commission?
- PJG1-15 Please indicate Neutral Tandem’s fair value rate base, the value of all assets under Arizona’s jurisdiction.
- PJG1-16 Did Neutral Tandem provide 60 days notice to affected customers of the proposed tariff changes as required in R14-2-504 (B) (2.)?